The **Bipartisan Student Loan Certainty Act** provides a long-term fix for all student loans while preventing rates from doubling on subsidized loans on July 1st. This bill saves students **$8.8 billion in 2013** and **over $36 billion in the next four years** by giving students access to the lowest rates possible, allowing them to take advantage of low borrowing costs when everyone else in the economy can borrow cheaply. Most importantly, this bill strengthens borrower protections by reinforcing the 8.25% interest rate cap on consolidation.

Four out of every five students with subsidized Stafford loans take out other federal loans with rates at 6.8% or 7.9%—a one-year extension of the subsidized rate leaves these other rates at unacceptably high levels. We must put aside politics and act now to find a real, long-term solution that ensures access and affordability for all students seeking higher education.

The Bipartisan Student Loan Certainty Act Summary

- **Strong Borrower Protections**:
  - **Strengthens the 8.25% Consolidation Cap**: Borrowers can consolidate all of their federal loans with a rate that is either a) the weighted average of the loans or b) a maximum of 8.25%. This bill requires the Department of Education to remind students in a clear and easy-to-understand way of their consolidation options.
  - **Repayment Caps:** Income-based repayment allows students to reduce their monthly payment based on their ability to repay and after 20-25 years, any remaining debt is forgiven.

- **Undergraduate Subsidized and Unsubsidized Stafford Loans**: Sets the interest rates on new loans to the U.S. Treasury 10-year borrowing rates, ***plus 1.85%*** to offset the costs associated with defaults, collections, deferments, forgiveness, and delinquencies.
  - If a new loan was issued today, the interest rate would be ***3.66%.***

- **Graduate Unsubsidized Stafford Loans**: Sets the interest rates on new loans to the U.S. Treasury 10-year borrowing rates, ***plus 3.4%*** to offset the costs associated with defaults, collections, deferments, forgiveness, and delinquencies.
  - If a new loan was issued today, the interest rate would be ***5.21%.***

- **PLUS Loans**: Sets the interest rates on all new loans to the U.S. Treasury 10-year borrowing rates, ***plus 4.4%*** to offset the costs associated with defaults, collections, deferments, forgiveness, and delinquencies.
  - If a new loan was issued today, the interest rate would be ***6.21%.***

Student Loan Interest Rate History

- In 2007, Congress temporarily lowered interest rates on subsidized Stafford loans over 4 years from 6.8 to 3.4%.
- In 2012, Congress extended these low rates for 1-year at a cost of nearly $6 billion with the expectation that we would find a long-term fix during that year.
- On July 1, 2013, the one year extension expires.
- It is time for Congress to do its job and pass a long-term solution.